

## **INSTRUCTIONS FOR TELECOMMUNICATIONS PROVIDER TAX RETURN**

House Bill 272, enacted during the 2005 Session of the General Assembly, created new sections of KRS 136 to levy an excise tax on multichannel video and audio programming services, a gross revenue tax on multichannel video and audio programming services and a gross revenue tax on telephone communications services effective January 1, 2006.

**FILING AND PAYMENT** – An on line filing system has been developed that allows the taxpayer to file their return timely on line. The DOR has established an E-Tax system for payment of the telecommunication tax.

### **PART I – TAX COMPUTATION**

**LINE 1**--Gross receipts includes any amounts received in money, credits, property, or other money's worth in any form, by a provider for furnishing multichannel video programming service or communications service. **Consumers skip to line 8.**

**LINE 2-Deductions**-List amounts received for lines 2a through 2g. For line 2g, include a description for the amount entered.

**LINE 3-Total Deductions**-Add lines 2a through 2g.

**LINE 4**—Net Receipts subject to 3% excise tax (subtract line 3 from line 1)

**LINE 5**, Excise Tax Due (multiply line 4 by .03).

**LINE 6**- Compensation (deduct 1.75% of the first \$1,000 of line 5 and 1.00% of the amount in excess of \$1,000-limited to \$1,500). Deduct compensation only if return and payment are timely.

**LINE 7-Total Excise Tax Due** (subject line 6 from line 5)

**LINE 8-CONSUMERS:** Enter the amount of purchases of multichannel video programming.

**LINE 9**-Excise tax due (multiply line 8 by .03)

### **PART II - ALLOCATION SCHEDULE (use continuation page if necessary)**

**LINE 10-Gross Revenues** (from retail sale of multichannel video programming)

**LINE 11-Gross Revenues** (from sale of communication services)

Lines 10 and 11 should equal the total of columns 3 and 5 respectively

**Use Part II to allocate the gross revenues from MVP and communication services for each county in Kentucky you have receipts (columns 1 through 6)**

**LINE 12-Total Gross Revenue Tax Due** (column 4 plus column 6)

### **PART III - PAYMENT**

**LINE 13-Total Tax Amount Due** (add lines 7 and 12)

**LINE 14- Interest**--Any tax not paid on or before the due date of the return (see return due date printed at the top of the return) shall bear interest from the due date until the date of payment. The interest rate for 2006 is 7%..

**LINE 15- Penalties--Failure to File a Timely Return** – 2 percent for each 1-day to 30-day period, maximum 20 percent, **minimum \$10 regardless of the amount of tax due or whether there is any tax due.**

**Failure to Pay Timely** – 2 percent for each 1-day to 30-day period, maximum 20 percent, minimum \$10.

Both penalties apply if the return is filed late and payment is late. Additional penalties for negligence, failure to file the report or return, fraud, etc., may be assessed in accordance with KRS 131.180 (Uniform Civil Penalty Act). Enter total penalty amount computed on line 15.

**LINE 16-Total Amount Due** (add lines 13, 14 and 15)

**SIGNATURE**--Each return must be signed and dated by the president, or other principal officer, partner or proprietor. If the return is prepared by someone other than the authorized officer it must be signed by the preparer.

**RETURN AND PAYMENT DUE DATE** – The return, with payment included, must be postmarked no later than the 20<sup>th</sup> day of the next succeeding calendar month following the close of the taxable period.

**OFFICER LIABILITY**-- The President, vice-president, secretary, treasurer or any other person holding an equivalent corporate office of any corporation subject to the telecommunications gross receipts sales and use tax shall be personally and individually liable, both jointly and severally, for the taxes imposed by KRS Chapter 136.638 No person will be personally or individually liable if that person did not have authority in the management of the business of financial affairs of the corporation at the time the taxes

become or became due. Taxes shall include interest accrued and all applicable penalties and fees.

**EXTENSIONS**--Pursuant to KRS 136.622, extensions for a period not to exceed 30 days may be granted for filing the Telecommunication Provider Tax Return. Requests for extensions must be made in writing prior to the due date. Taxpayers should contact:

Kentucky Department of Revenue  
Division of Sales and Use Tax  
PO Box 181, Sta. 66  
Frankfort, KY 40602-0181  
Phone: (502) 564-5170  
Fax: (502) 564-2041

**Extensions only extend the filing date. Payment of the tax must be made by the original due date to avoid a late payment penalty and interest.**

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**AMENDED RETURNS**--File an amended return to make corrections or adjustments to gross receipts, deductions or allocation amounts on the return as originally filed. Check the box at the top of the form and include an explanation of the adjustment on the space provided.